

Message Text

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ACTION EB-11

INFO OCT-01 NEA-10 ISO-00 COME-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SPC-03 SS-20 USIA-15 OMB-01 TRSE-00 INT-08 STR-08

DRC-01 /114 W

----- 126485

P R 180051Z MAR 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC PRIORITY 2447

INFO AMEMBASSY ISLAMABAD

UNCLAS DACCA 1199

E.O. 11652: N/A

TAGS: EIND, ETRD, BG

SUBJECT: US FERROUS SCRAP EXPORTS

REF: A. STATE 49522 B. STATE 49594 C. A-1445, 2/21/74

1. EMBOFF INFORMED N. AHMED, DIRECTOR (TECHNICAL) BANGLADESH STEEL MILLS CORP., ABOUT EXTENSION OF DEADLINE FOR FIRST QUARTER FERROUS SCRAP EXPORT LICENSES AND RISING SCRAP PRICES (REF A), AND THAT BD'S QUOTA FOR SECOND QUARTER 1974 WOULD BE ABOUT SAME AS IN FIRST QUARTER, I.E. 3,830 TONS "NORMAL" ALLOCATION (REF B). ALSO SUGGESTED THAT BANGLADESH, THROUGH ITS WASHINGTON EMBASSY, MIGHT WISH INVESTIGATE POSSIBILITIES OF BUYING SCRAP FROM SHIPBREAKERS IN US (REF C).

2. REF C RECEIVED HERE WITHOUT ENCLOSURE LISTING SHIPBREAKERS. PLEASE AIRPOUCH: ALSO PROVIDE COPY TO BD EMBASSY, WASHINGTON.

3. AHMED SAID BDG HAS NOT YET ORDERED ANY SCRAP FROM US FOR FIRST QUARTER SINCE IT THOUGHT PRICE ASSOCIATED METALS HAD QUOTED AT THAT TIME (\$110/TON UNCLASSIFIED

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F.O.B.) TOO HIGH. MOREOVER, IT OBJECTED TO BEING

GIVEN CHOICE OF ONLY ONE SUPPLIER. AHMED CLAIMED OTHER SUPPLIERS, INCLUDING COMMODITY TRADERS, NEW YORK, OFFERING LOWER PRICES BUT INELIGIBLE EXPORT SCRAP TO BANGLADESH BECAUSE OF WHAT HE FELT WAS ARBITRARY USG DECISION TO RESTRICT SCRAP EXPORT LICENSING TO ONLY ONE SUPPLIER.

4. AHMED ADDED THAT ASSOCIATED METALS' PRICE PLUS OCEAN FRIEGHT OF \$60-70 PER TON WOULD PUT DELIVERY PRICE AT CHITTAGONG STEEL MILL AT ABOUT \$170-180; ALMOST MAKING IT CHEAPER IMPORT FINISHED PRODUCTS. AHMED REQUESTED LATEST PRICE FOR PIG IRON F.O.B. US PORTS.

5. FINALLY, HE ASKED THAT BANGLADESH'S SECOND QUARTER ALLOTMENT SHOULD EQUAL 10,000 TON FIRST QUARTER QUOTA. EMBOFF EXPLAINED THAT FIRST QUARTER ALLOTMENT HAD BEEN INCREASED FROM 3,830 TONS BECAUSE OF SPECIAL CONSIDERATION OF NEED IN USAID-FINANCED PROJECTS FOR REBARS AND WAS THEREFORE EXCEPTION TO NORMAL ALLOTMENT LEVEL.

6. ACTION REQUESTED: PLEASE PROVIDE PIG IRON PRICES PER PARA 5 ABOVE AND INDICATE WHETHER SECOND QUARTER ALLOCATION MIGHT BE INCREASED TO 10,000 TONS. WHAT CAN WE SAY ABOUT RATIONALE FOR RESTRICTING LICENSES TO PAST SCRAP EXPORTERS TO GIVEN AREA WHEN THERE ONLY ONE SUCH RECOGNIZED EXPORTER AND SEVERAL WOULD-BE EXPORTERS, PARTICULARLY IN NEW STATE WITHOUT PRIOR HISTORY AS SEPARATE IMPORTER?

7. SUGGEST AT MINIMUM THAT IF PAKISTAN ALLOWED TO BUY FROM ONE OR MORE

US SCRAP EXPORTER/S (OTHER THAN ASSOCIATED METALS) IDENTIFIED BY PAST SHIPMENTS TO FORMER UNITED STATE HERE, THEN BANGLADESH SHOULD BE ALLOWED TO DRAW ON SAME EXPORTERS AND PAKISTAN ON

ASSOCIATED METALS. PLEASE ADVISE.
NEWBERRY

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